GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1873
ANSWERED ON:26.07.2002
INITIAL PUBLIC OFFERINGS OF PSUS AND MNCS
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Will the Minister of FINANCE be pleased to state:

(a) whether a large number of PSUs and other MNCs have requested the Government for initial public offerings (IPOs);

(b) if so, the details of these PSUs during the current financial year; and

(c) the reasons for the PSUs to go for IPOs when they have surplus cash reserves?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a) to (c) Decision for raising funds through IPOs by corporate entities including PSUs and MNCs is taken by the corporate concerned keeping in view their needs and after following the procedure laid down by the Securities and Exchange Board of India (SEBI) which is the regulator for this purpose. In so far as PSUs are concerned, the Ministry of Petroleum and Natural Gashas informed that Bharat Petroleum Corporation Ltd. has proposed a public issue to mobilisefunds for financing capital projects and investments in subsidiaries and joint ventures and to improve its debtequity ratio. Indian Oil Corporation Ltd. has also submitted a proposal to Government for issue of fresh equity shares to rrobilize funds for meeting its resource gap. Some public sector banks have also propo~ed public issues to increase their capital.

Regarding MNCs, 21 companies were permitted to invest in India subject to compulsory divestment within a specified time. Out of these, in 13 cases the divestment requirement could be Met with by divesting in favour of Indian parties/joint venture partners or general public or both. In 8 cases, divestment through the IPO route is applicable, the first of which becomes due from July 2005.

As per information provided by SEBI, cne proposal for Initial Public Offer from the Union Bank of India has been filed with SEBI during the current financial year.

Department of Mines, Ministry of Coal and Mines have informed that as a part of disinvestment process, they propose to difest 10% of paid up capital through IPO.